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HOUSING AUTHORITY OF THE CITY OF NEWARK

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SPECIAL REPORT  
on the Development and Operation of  
STEPHEN CRANE VILLAGE  
a Low-rent Public Housing Project

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SPECIAL REPORT  
on the Development and Operation  
of  
STEPHEN CRANE VILLAGE  
a LOW-RENT PUBLIC HOUSING  
PROJECT

The purpose of this report is to review the development and operation of Stephen Crane Village by the Housing Authority of the City of Newark, under the provisions of the United States Housing Act of 1937 and the New Jersey Local Housing Authorities Law of 1938. A brief summary of the purposes and provisions of each of these statutes is given at the end of this report.

## PROJECT DESCRIPTION

Stephen Crane Village is located on Franklin Avenue in Newark, New Jersey.

The project consists of 354 row houses in 27 two-story brick buildings. There is also a Community hall and Administration building containing heating plant, office, meeting rooms a health clinic, baby-keep-well station and a branch of the public library.

The distribution of dwelling units by size is as follows:

3 rooms	1 Bedroom	68 units	204 rooms
3 $\frac{1}{2}$ "	1 "	68 "	238 "
4 "	2 "	— "	— "
4 $\frac{1}{2}$ "	2 "	147 "	661 $\frac{1}{2}$ "
5 "	3 "	— "	— "
5 $\frac{1}{2}$ "	3 "	71 "	390 $\frac{1}{2}$ "
		<u>354</u>	<u>1494</u>

The project has an area of about 14.26 acres. Only 21.7% of the land is covered by buildings. The population density is 24.82 families per acre.

Of the project grounds, about one-quarter is surfaced for play and sitting areas. Most of the balance is landscaped and is maintained by the tenants and the project staff. The janitorial work is done by tenants and the project staff. Interior and exterior painting is done by the Central maintenance staffs.

Gas for cooking, electricity for lighting and refrigeration, steam heat and hot and cold water are furnished by the project and included in the dwelling rentals.

Construction of the project was completed in January, 1941 and it has been fully occupied by 354 White families since April 1, 1941.

## OUTLINE OF SPECIFICATIONS

The specifications for Stephen Crane Village required substantial and durable constructions:

### Foundations

Structures are on rigid concrete and pile foundations  
Concrete and Tile site drains.

### Exterior Walls

Common Brick; free standing wood furring; interior plaster on rock lath.

### Interior Partitions

Wood studs, plaster.

### Plastering

All walls and ceilings - plaster on rock lath.  
Vertical plaster angles have metal corner bonds.

### Floors

First floor - wood beams and oak floors  
Second floor - " " " " "  
Linoleum floor finish in bathrooms and kitchens.

### Woodwork

Wood doors, interior stairs and roof joists.  
Wood sash  
White pine trim throughout

### Metal Work

Copper flashing

### Roof Finish

Four-ply slag surface

### Plumbing

All piping, brass  
Fixtures of standard make

### Heating

Central heating low-pressure vapor-vacuum system.

Underground distribution.

Oil burners converted to coal.

### Electrical

Armored cable in all units.

Underground distribution.

Waterproofed covered wire.

### Painting

All woodwork - 3 coats of lead and oil.

Interior plaster - 2 coats of casein wall paint.

Kitchens and bathrooms - last coat, enamel.

### Equipment

Each dwelling unit has electric refrigerator, gas range, combination sink and tub, wood kitchen cabinets, metal medicine cabinet, toilet, lavatory, bath-tub, shades and screens.

### Grounds

Concrete sidewalks and wading pool.

Surfaced playground and sitting areas.

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### CONSTRUCTION COST

The Net Construction Cost of Stephen Crane Village was \$2,854 per dwelling unit. This figure, comprising structural, plumbing, heating, and electrical costs, most closely approximates the private residential construction costs entered in applications for building permits. A provision of the United States Housing Act of 1937, applicable to this item, is that the cost of the project be lower than the "average construction cost of dwelling units currently produced by private enterprise in the locality."

According to building permit records compiled by the Bureau of Labor Statistics of the U. S. Department of Labor, 3534 dwelling units were privately built in Newark during the years 1929 to 1936. The median permit value of these units was \$4,007 so that the Net Construction Cost of \$2,854 per dwelling for the project, was far below the private construction average.

The Dwelling Facilities Costs for the project were \$3,433 per dwelling unit and \$813 per room. In addition to the Net Construction Cost, these amounts include \$579 per dwelling unit, which is the cost of dwelling equipment such as ranges, refrigerators, shades, screens, etc., architects and engineers fees, and the local housing authorities applicable administrative costs, carrying charges and contingent expenses.

The Dwelling Facilities Costs for the Project were lower than the statutory maximums of \$4,000 per dwelling unit and \$1,000 per room, applicable to these items.

In addition to the Dwelling Facilities Cost, the cost of land and of land acquisition and the cost of non-dwelling facilities, consisting of site improvements and non-dwelling buildings, spaces and equipment, were \$1,244 per dwelling unit, including the overhead applicable to these categories. Adding this amount to the Dwelling Facilities Cost, the Total Cost of New Housing for Stephen Crane Village, was \$4,677 per dwelling unit.

In comparison with an estimated average value of \$5,660 for all new homes insured by the Federal Housing Administration in New Jersey in 1939, the year in which the contract for the project was awarded, the Total Cost of New Housing of \$4,677 per dwelling, for the project, is low.

The three foregoing comparisons of average costs indicate that the project construction was economical and relatively low-cost. In a precise evaluation of the project construction costs, however, account must be taken of the fact that the life of the project is expected to be 60 years, at least. As the Outline of Specifications indicates, its construction is unusually sound and durable. Moreover, all workers employed in the construction of the project were paid prevailing wages.

Any valid, detailed comparison of project costs with other construction costs must be made with reference to buildings of the same type, providing comparable accommodations of equal durability, built according to similar specifications, with good materials and sound construction, by labor receiving prevailing wages.

The Total Project Development Cost was \$1,653,786 for 354 dwelling units.



#### REDUCTION OF UNEMPLOYMENT

At the time of the construction of Stephen Crane Village, the reduction of unemployment was still an important purpose of the U. S. Housing Act, and the construction of this project was expected to assist in accomplishing it. The vast change from that situation to the present manpower shortage is typical of many ways in which the impact of the War has distorted the low-rent housing program and temporarily diverted it from its original purposes.

It is worthwhile to note for future reference, however, that the construction of the project provided an estimated 1,327,500 man-hours of employment, both direct employment at the site and indirect employment in the manufacture of the materials used in the construction of the project.

### EQUIVALENT ELIMINATION

In accordance with the provisions of the U. S. Housing Act of 1937, Stephen Crane Village included arrangements for the elimination of unsafe and insanitary dwellings equal in number to the number of new dwellings in the project.

The project was constructed on a vacant site. Before the project was undertaken, however, the City of Newark contracted with the Housing Authority (which possesses no police powers) to secure the off-site elimination, by demolition or compulsory repair, of the required number of unsafe and insanitary dwellings.

Under this agreement, many substandard dwellings were demolished and have been necessary to defer the balance of the equivalent elimination so that none has yet been performed in connection with this project. Because of the nature of its industries, Newark felt the effect of the war activities at an early date. At the beginning of 1943, according to a survey made by the U. S. Bureau of the Census, only 1.3% of the total dwellings in Newark were vacant.

As a result of this housing shortage, Newark was obliged to secure the permission of the Federal Public Housing Authority to defer any further demolition because of the acute housing shortage. Any other course would have run counter to the war effort and the action being taken by a number of official agencies to provide additional housing for in-migrant war workers.

Deferment of compliance with the equivalent elimination requirement is extended for 6 month periods on the basis of the continuance of the housing shortage. As soon as the shortage is relieved, the deferment will be cancelled and demolition will be resumed.

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TAX EXEMPTION

As property in public use, Stephen Crane Village is tax-exempt. However, payments in lieu of taxes are made to the City as partial compensation for services to the project.

Under the provisions of the U. S. Housing Act, the project could not have been built if the City had not agreed to contribute in tax-exemption an amount equal to 20% of the Federal annual contribution. Accordingly, in a Cooperation Agreement with the Housing Authority, the City consented to accept 3% of the shelter rents of the project as payments in lieu of taxes.

On this basis, the contract payments in lieu of taxes amount to about \$2,060 per year. In recent years, this payment has been almost doubled by additional, voluntary payments in lieu of taxes made out of rent surcharges.

In estimating the cost to the city of the tax-exemption granted the project, it would be unrealistic to estimate the ad valorem taxes on the project, \$52,250 for comparison with the payments in lieu of taxes because such a comparison would be based on a condition contrary to the fact and the Law. The project would not have been built at all if ad valorem taxes were to be levied upon it.

On the other hand, the taxes formerly levied upon the site of the project were \$682 consequently, there was chargeable to the project a theoretical increase in municipal tax receipts of \$1,168 equalling the payments in lieu of taxes minus the taxes formerly levied on the site. It would not be unreasonable to this figure as an estimate of a tax gain to the City attributable to the project.

It is possible, however, to arrive at a fairer basis for estimating the cost to the City of the tax-exemption of the project.

In general, all real property taxes on dwellings must come out of the income of the occupants of the dwellings through the rents they pay. The tenants of the project formerly occupied substandard dwellings, renting for about \$18 per month.

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Taxes on such dwellings are estimated at \$54 per year. On this basis, the taxes levied on the 354 tenant families amounted to a total of \$19,116.

When the project tenants moved from these substandard dwellings into the project, nothing was changed except the quality of their housing. Their incomes were not increased, their rents were about the same, their tax-paying ability was no greater. Insofar as the City was concerned, the services they require were reduced. Consequently, it is fair to assume that the proper value of the tax-exemption granted the project is \$19,116 minus \$2,050 payments in lieu of taxes, or \$17,066.

This amount of tax-exemption will cause an increase of about 2/10 of 1 cent per \$100.00 in the municipality's tax rate. It will increase the tax bill on the average private dwelling about 7 cents per year. This cost is only a fraction of the value of the project to the City as a whole, aside from its value to its tenants.

### RENTING THE PROJECT

To be eligible for occupancy in Stephen Crane Village, applicants for tenancy had to be occupying unsafe and insanitary housing accommodations and to be families in the lowest income group in the City.

The condition of the housing occupied by the applicant was verified by inspection by a member of the staff of the Newark Housing Authority. Certification of the family income of the applicant was secured by the Housing Authority from his employer or other source of income.

The maximum income limits for admission were \$1,250 for 2-person families; \$1,350 for 3 and 4-person families; and \$1,450 for families of 5 or more persons. Preference among eligible applicants was given, however, to families having great housing need and low family income.

The actual family incomes of the original tenants of Stephen Crane Village were as follows:

<u>Annual Income</u>	<u>Number of Tenant Families</u>
Under \$400	3
\$400 - 449	4
450 - 499	6
500 - 549	6
550 - 599	4
600 - 649	12
650 - 699	8
700 - 749	12
750 - 799	15
800 - 899	22
900 - 999	47
1000 -1099	77
1100 -1199	67
1200 -1299	62
1300 -1399	13
Total	<u>347</u>

The average family income of the tenants was \$1,000 per year or \$83 per month. These were undeniably families in the lowest income group "who cannot afford to pay enough to cause private enterprise in their locality to build an adequate supply of decent, safe and sanitary dwellings for their use" as stipulated in the U. S. Housing Act.

By accepted standards for the ratio of rent to income, a family with an income of \$1,000 per year cannot afford to pay more than \$17 per month

for shelter rent. In Newark in 1940, according to the U. S. Census, only 11% of the 116,757 dwelling units in the City had a monthly rent or rental value as low as this figure. At the same time, 31% of all dwelling units were substandard in some respect, that is, needed major repairs, lacked private toilet or bath, etc. Obviously, it was not possible for the project tenants to buy or rent anything except substandard accommodations in the private real estate market.

Additional proof of this assertion is found in a tabulation of the major deficiencies in the former homes of the original tenants of the project:

<u>Major Deficiency in Former Dwelling</u>	<u>Number</u>	<u>Percent</u>
Structure needs Major Repairs	206	51
No Inside Private Bath	189	54
No Inside Private Flush Toilet	46	14
No Cooking Facilities with Sink	86	8
No Adequate and Safe Heating	252	73
No Adequate and Safe Artificial Lighting	9	3
No Natural Light and Adequate Ventilation	36	10
Dwelling overcrowded (more than $1\frac{1}{2}$ persons per room)	<u>127</u>	<u>37</u>
Total	897	250

From this total of 897 deficiencies for 347 families, it is evident that the average tenant family had more than two major deficiencies in its former dwelling. Furthermore, this tabulation takes no account of numerous other defects such as dampness, infestation by rats or vermin, lack of privacy, doubling-up of families and fire hazards.

THIS IS REHOUSING SLUMDWELLERS. THIS IS THE PROVISION OF DECENT, SAFE AND SANITARY DWELLINGS FOR FAMILIES OF LOW INCOME.

Project rents were adjusted to family income by a system of graded rents whereby tenants were charged from 20 to 30 percent of net family income. The lower ratios applied to the larger families and the higher ratios applied to the smaller families. The average ratio of rent to income was 25%.

The basic rent schedule for the project was as follows:

STEPHEN CRANE VILLAGE RENT SCHEDULE

Rent Grade	Monthly Rent Incl. Utilities	Annual Income Limits		
		2 Persons	3-4 Persons	5 Persons or More
A	\$19.00	Up to \$300	Up to \$900	Up to \$1,000
B	22.00	\$301-1,000	\$901-1,125	\$1,001-1,250
C	26.00	1,001-1,250*	1,126-1,350*	1,251-1,450*
X	32.00	1,251-1,450	1,351-1,550	1,451-1,650

\*Maximum income limits for admission. Grade X is used only for continued occupancy by tenants admitted to Grades A, B and C. Maximum income limits for continued occupancy by tenants whose incomes increase after admission are the upper limits of Grade X.

Tenant family incomes are re-examined annually to determine assignment to rent grades and eligibility for continued occupancy.

The average monthly project rent under this schedule was about \$24, comprising \$17 for shelter rent and \$7 for utilities.

## PROJECT INCOME AND EXPENSE

In the attached table, Project Income and Expense per dwelling per month is given for the 4 low-income projects which are operated by the Newark Housing Authority under a single contract for loan and annual contribution. The statement covers a period beginning just after the entry of this country into the war when the effect of rising income and operating expenses was just becoming apparent.

Under Income, the item of Dwelling Rents is self-explanatory.

Net Annual Contribution is the amount of Federal subsidy actually paid to help maintain the low-rent character of the project.

Under Expense, the item of Management and Leasing comprises all salaries, supplies and equipment for general management supervision of the project, including the local housing authority's overhead, tenant investigation and selection leasing and rent collection, tenant complaints and service requests, purchasing, budgeting and accounting, personal administration, reporting, public relations, stenographic and clerical services, fees for legal services, court costs and fiscal agent fees.

Operating Services includes the cost of labor, materials and equipment used in performing janitorial, exterminating and watchmen services.

Dwelling Utilities includes the cost of supplying to the tenants water, gas for cooking and electricity for lighting and refrigeration, purchased from public utility companies, and heat and hot water, produced by the project.

Repairs, Maintenance and Replacement includes the cost of labor, materials and equipment used in the maintenance of grounds, in the repair of structures, in painting and decorating, in the repair of plumbing, gas, electrical and heating systems and in the repair or replacement of ranges and refrigerators.

Alterations and Betterments represent the cost of operating improvements which increase the efficiency and economy of project operations.

Community Activities includes any cost incurred in assisting health,



education and recreation programs necessary because of the low-rent character of the project.

Collection losses is the amount of accounts receivable written off as uncollectible.

Insurance includes the total amount of premiums for all forms of insurance such as fire, boiler, public liability, workmen's compensation, burglary and fidelity bond.

Contract Payment in Lieu of Taxes is the amount paid the municipality in accordance with the Cooperation Agreement.

Voluntary Payment in Lieu of Taxes is an additional amount paid out of subsidy savings.

Debt Service is the amount paid as interest and amortization on the bonds issued by the Newark Housing Authority to defray the Development Cost of the project. Series A Bonds in the amount of \$233,000 were sold to private investors. Series B Bonds in the amount of \$1,350,000 were sold to the United States Housing Authority.

Reserves for Vacancy and Collection Losses is a cash account established as a reserve against losses which may be incurred during future periods of depression.

Reserves for Repairs, Maintenance and Replacement is a cash account, set aside while the project is new to be expended later in the life of the project, thereby stabilizing rentals over a long period.

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SETH BOYDEN COURT  
PENNINGTON COURT  
JAMES M. BAXTER TERRACE  
STEPHEN CRANE VILLAGE

PROJECT INCOME AND EXPENSE

FISCAL YEAR, 1942-1943

<u>INCOME</u>	<u>PER DWELLING PER MONTH</u>
Dwelling Rents from tenants	\$23.43
Net Annual Contribution from U.S.H.A.	12.09
Other Income from Tenants	<u>.17</u>
Total	\$35.69

  

<u>EXPENSE</u>	
Management and Leasing	3.31
Operating Services	1.84
Dwelling Utilities	6.91
Repairs, Maintenance and Replacement	3.32
Alterations and Betterments	.96
Community Activities	--
Collection Losses	.01
Insurance	.57
Contract Payments to City in Lieu of Taxes	.50
Voluntary Payment to City in Lieu of Taxes	.42
Debt Service, Series A and Series B Bonds	<u>13.94</u>
Total before Reserves	\$31.78
Reserves for Vacancy and Collection Losses	1.89
Reserves for Repairs, Maintenance and Replacement	<u>2.02</u>
Total	\$35.69

## EFFECTS OF THE WAR

When Stephen Crane Village was opened in April 1941, twenty percent of the families were receiving public assistance. In November 1941, when the first annual re-examination of tenant income was made less than ten percent were "public assistance" cases. There was a noticeable shifting from VPA to private employment, and an increase in the number of workers per family as sons and daughters reached working age and found jobs in the booming defense plants. When the project opened the average family income was \$1,000 a year. In 1941 this average had increased to \$1,078.36. In Sept. 1942 the average rose to \$1,360 and by October 1943, higher rates of pay and overtime had pushed the average to \$1,761.93 and the number of public assisted families had declined to less than 4 percent. As the income went up the average rent went from \$24.36 in 1941 to \$33.57 in 1943.

During 1941-1942, when tenant incomes began to increase because of overtime and the employment of supplemental wage-earners in the family, the income of some families rose above the project limits for continued occupancy. These families were obliged to move out of the project. Their dwellings were leased to other families whose incomes were below the project limits for admission.

As the housing shortage was intensified, however, families required to move because of excessive income found it increasingly difficult, and finally impossible, to secure any other accommodations whatsoever. In the face of this situation, the Newark Housing Authority realized that it could no longer evict tenants for excessive income during the period of the emergency. Any other course would have run counter to the war effort and the efforts being made by a number of agencies to provide additional housing for war workers.

In July 1942, the Rent Control Regulations of the Office of Price Administration were made effective in Newark. Under these regulations, tenants can be forced to move only for specified reasons of which excessive income is not one. Consequently, the Housing Authority will not be able to resume

eviction for excessive income as long as the housing shortage continues and the OPA emergency rent regulations are in force.

The tenants who are permitted to continue in occupancy are charged, as additional monthly rent, \$1.00 for every \$50 by which the annual family income exceeds the project limit for continued occupancy up to the ceiling rents established for the project. Maximum rents including utilities registered with the Office of Price Administration are \$38 per month for 1 bedroom units, \$43 for 2 bedroom units, and \$48 for 3 bedroom units. Tenants who are paying these maximum rents are not being subsidized. These maximums are based on what similar accommodations, privately owned, were being rented for on March 1, 1942, the rent freezing date.

At present, most of the families who secure rent reductions because of decreased income, are supported by Dependency Benefit allotments from wage-earners who have been inducted into the armed forces.

While the war has been responsible for a marked increase in tenant income, it also has been responsible for a more marked increase in operating costs. Because of the fuel shortage the project heating plant has been converted from oil to coal at considerable expense. This conversion has also increased the cost and difficulty of operating the heating plant. For instance, shortage of manpower and high wages in war plants has made it extremely difficult to obtain firemen and laborers. In fact, the effect of the manpower shortage has been felt throughout the entire personnel of the Housing Authority. In spite of high wages it has been extremely difficult to hire and retain a competent staff.

THE SOCIAL EFFECTS OF PUBLIC HOUSING IN NEWARK

The Housing Authority of the City of Newark undertook what it believes to be the first comprehensive investigation of its kind in this country - an investigation into the social effects of the public housing program in the city. And by housing was meant not only an improved physical structure, but an improved pattern of living brought about by more privacy, better recreational facilities, and, in general, a more healthful environment.

This study, which will be printed shortly, compares the families in the projects with those in the Wards of the City surrounding the projects, in terms of the incidence of tuberculosis, infant mortality, communicable diseases, birth rates, juvenile delinquency, school records, fires, home accidents, etc. From our study of three projects, (James Baxter Terrace, Felix Fuld Court and Stephen Crane Village) it was found that public housing has had decidedly beneficial effects on the rehoused families.

In the housing projects, each year 3.3 out of every 1000 persons 15 to 40, had tuberculosis. In infant mortality too the projects had a lower rate. If the rate in the three wards studied had been as low as that in the three projects, in 1943, there would have been 21 infant deaths instead of 53.

The rates for communicable diseases, including Whooping Cough, Measles, Mumps, Scarlet Fever, German Measles, and Chicken Pox, were also lower in the projects than in the Wards. For 1942 and 1943 combined, the rate for the projects was 114.2 cases per 1000 children under 15 years of age as compared with 163.5 cases in the wards.

The number of births, corrected by taking into account the number of women 15 to 40, was higher in the projects than in the Wards. For the two years combined, the birth rate in the projects was 118.5 compared with 86.2 in the Wards, per 1000 women 15 to 40.

The rate of fires in the seven housing projects in Newark was much lower than the rate in the dwellings of the city as a whole. Using the

arbitrary figure of \$100, as the average cost to the Fire Department of a response to a fire, it was found that responses to fire in the projects cost \$295 per 100 dwelling units, as compared with \$1118 per 1000 dwelling units in the city. If the number of fires per 10,000 persons had been the same in the City as in the projects, the saving at \$100 per fire call, would have been \$91,700.

A study of the school children showed that after being rehoused they were absent less, and had slightly higher grades. The juvenile delinquency rate was generally lower for the projects than for the Wards. For the Negro population, this difference was marked. There were no cases of delinquency among the girls in the projects.

From interviewing a representative sample of the families, living in the three projects studied, it was found that:

1. 69% of the mothers said that their school children showed an improvement since living in the project.
2. 99% found their children easier to keep clean.
3. 100% stated that their children had better play facilities.
4. 46% found that housekeeping took them less time.
5. 77% said that their families were now happier.
6. 69% of the families were able to save money, or buy more things for their homes.
7. 100% had had no serious home accidents.

It must not be thought that the benefits were restricted to the project residents. The community also benefited insofar as every reduction in disease and crime not only means a great financial saving, but provides the social climate for a satisfying and healthy life. To give one example, it has been estimated that the average cost to the community of a tuberculosis case is about \$5000. If the rate for tuberculosis in the Wards were reduced

to that in the three housing projects studies, there would have been 85 cases per year instead of 158. The savings to the community would amount to about \$365,000. But, more than that, there would be an immense saving in human suffering and unhappiness.

## APPENDIX

### UNITED STATES HOUSING ACT OF 1937

The U. S. Housing Act of 1937 (Public - No. 412 - 75th Congress) is entitled "An Act to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provision of decent, safe and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes".

To achieve the objectives set forth in the Title of the Housing Act, a Federal lending agency, the United States Housing Authority (now the Federal Public Housing Authority), was created. It was authorized to finance a low-rent housing program by issuing up to 800 million dollars worth of bonds guaranteed by the United States.

The funds so raised may be loaned to local housing authorities to assist them in the development of low-rent housing projects, up to 90 per cent of the cost of the project. Such loans bear interest at  $1/2$  of 1% more than the going Federal interest rate at the time the loan is made. The loans must be repaid within a period not exceeding 60 years.

A portion of the proceeds of the  $1/2$  of 1% interest profit is used to defray the operating expenses of the United States Housing Authority which receives no appropriation from Congress for this purpose.

In order to assist in achieving and maintaining the low-rent character of the housing projects, the U. S. Housing Authority is also authorized to contract to make annual contributions, or subsidy payments, to public housing agencies in amounts not exceeding 1% more than the going Federal interest rate, at the time of the contract, on the development cost of the project involved.

For the 800 million dollar program, it was anticipated that 28 million dollars per year would be needed in normal times for annual contributions. Because of wartime conditions, however, only 15 million dollars has been used for annual contributions during each of the last two years.

THE ENTIRE COST TO THE FEDERAL GOVERNMENT OF THE LOW-RENT HOUSING PROGRAM IS LESS THAN THE ANNUAL CONTRIBUTIONS BY THE AMOUNT THE INTEREST PROFIT EXCEEDS THE ADMINISTRATIVE COSTS OF THE UNITED STATES HOUSING AUTHORITY.

The objectives of the Housing Act must be achieved within the following important restrictions among others set forth in the Act:

1. No loan or annual contribution can be made by the U. S. Housing Authority in cities having less than 500,000 population, for a housing project costing more than \$4,000 per family dwelling unit, or \$1,000 per room (excluding land, demolition and non-dwelling facilities).
2. No loan or annual contribution can be made by the U. S. Housing Authority for a housing project costing more than the average construction cost of dwelling units currently produced by private enterprise in the locality, under the legal building requirements applicable to the proposed site and under labor standards not lower than those prescribed in the Housing Act.



3. All contracts pursuant to the Housing Act must contain a provision requiring payment of the wages or fees prevailing in the locality to all persons employed in the development or administration of the housing project involved.

4. Annual contributions can be made by the U. S. Housing Authority to housing projects involving the construction of new dwellings only if the project includes the elimination, by demolition, effective closing or compulsory repair, of unsafe and insanitary dwellings such in number to the number of new dwellings in the project, except that such elimination may be deferred in any locality where the shortage of decent, safe and sanitary housing available to families of low income is so acute as to force dangerous overcrowding of such families.

5. Annual contributions can be made by the U. S. Housing Authority only when the State, County or Municipality in which the project is situated contributes in cash or tax exemption an amount equal to 20% of the Federal annual contribution.

6. Low-rent dwellings are available for occupancy only by families whose net income at the time of admission does not exceed five times the rental including dwelling utilities, except that the ratio of income to rent shall not exceed 6 to 1 in the case of families having 3 or more minor dependents.

7. "Families of low income" means families in the lowest income group who cannot afford to pay enough to cause private enterprise in their locality to build an adequate supply of decent, safe and sanitary dwellings for their use.

#### NEW JERSEY LOCAL HOUSING AUTHORITIES LAW OF 1938

The New Jersey Local Housing Authorities Law (Chapter 17, Laws of 1938) contains this declaration of necessity of legislation --

"It is hereby declared:

(a) That there exist in the State insanitary or unsafe dwelling accommodations and that persons of low income are forced to reside in such insanitary or unsafe accommodations; that within the State there is a shortage of safe or sanitary dwelling accommodations available at rents which persons of low income can afford and that such persons are forced to occupy overcrowded and congested dwelling accommodations and that the aforesaid conditions cause an increase in and spread of disease and crime and constitute a menace to the health, safety, morals and welfare of the residents of the State and impair economic values, that these conditions necessitate excessive and disproportionate expenditures of public funds for crime prevention and punishment, public health and safety, fire and accident protection, and other public services and facilities;

(b) That these needs in the State cannot be cleared, nor can the shortage of safe and sanitary dwellings for persons of low income be relieved, through the operation of private enterprise, and that the construction of housing projects for persons of low income (as herein defined) would therefore not be competitive with private enterprise;

(c) That the clearance, re-planning and reconstruction of the areas in which insanitary or unsafe housing conditions exist and the providing of safe and sanitary dwelling accommodations by any public body for persons of low income are public uses and purposes for which public money may be spent and private property acquired and are governmental functions of State concern;

(d) That it is in the public interest that work on projects for such purposes be commenced as soon as possible in order to relieve unemployment;

And the necessity in the public interest for the provisions hereinafter enacted, is hereby declared as a matter of legislative determination."

Under the provisions of this Law, the governing body of any municipality may create by ordinance a public corporation known as a Housing Authority. Each Authority shall constitute a body corporate and politic, an agency of the municipality. The governing body of the municipality shall appoint five persons to be Commissioners of the Housing Authority for five-year terms, one term expiring each year. The powers of the Authority are vested in the Commissioners who serve without compensation.

The Housing Authority is empowered generally to carry out the purposes of the Local Housing Authorities Law with specific mention of the powers, among others, to investigate housing conditions; to acquire property; to exercise the power of eminent domain; to construct, lease, and operate housing projects; to employ assistants and delegate its duties and powers; to borrow money and to accept grants from the Federal Government; to issue bonds, to pledge its assets as security for its bonds.

The Housing Authority cannot operate for profit. Its obligations are not obligations of the State or any political subdivision thereof. Its properties are tax-exempt but it may make payments in lieu of taxes. Its projects are subject to all planning, zoning, sanitary, building and other local laws and regulations. Its dwellings may be leased only to persons of low income.

HOUSING AUTHORITY OF THE CITY OF NEWARK

*Misc*

SPECIAL REPORT  
on the Development and Operation of  
JAMES M. BAXTER TERRACE  
a Low-rent Public Housing Project

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SPECIAL REPORT  
on the Development and Operation  
JAMES M. BAXTER TERRACE  
a LOW-RENT PUBLIC HOUSING  
PROJECT

The purpose of this report is to review the development and operation of James M. Baxter Terrace by the Housing Authority of the City of Newark, under the provisions of the United States Housing Act of 1937 and the New Jersey Local Housing Authorities Law of 1938. A brief summary of the purposes and provisions of each of these statutes is given at the end of this report.

## PROJECT DESCRIPTION

James M. Baxter Terrace is located at Orange and Nesbitt streets in Newark, New Jersey.

The project consists of 613 dwelling units, in 3-story brick buildings. There is also a Community hall, heating plant, office, meeting rooms, a health clinic, baby-keep-well station.

The distribution of dwelling units by size is as follows:

3 rooms	1 Bedroom	183 units	549 rooms
3 $\frac{1}{2}$ "	1 "	---	---
4 "	2 "	---	---
4 $\frac{1}{2}$ "	2 "	319 "	1436 $\frac{1}{2}$ "
5 "	3 "	---	---
5 $\frac{1}{2}$ "	3 "	<u>111</u>	<u>610<math>\frac{1}{2}</math></u>
		613	2595

The project has an area of about 12.67 acres including 0 available for future development. Only 26.96% of the land is covered by buildings. The population density is 48.30 families per acre.

Of the project grounds, about one-quarter is surfaced for play and sitting areas. Most of the balance is landscaped and is maintained by the project staff. The janitorial work and the interior painting are also done by the project and central maintenance staffs. Tenants aid in janitorial work.

Gas for cooking, electricity for lighting and refrigeration, steam heat and hot and cold water are furnished by the project and included in the dwelling rentals.

Construction of the project was completed in September, 1941 and it has been fully occupied by 413 Negro and 200 White families since October 1, 1941.

## OUTLINE OF SPECIFICATIONS

The specifications for Baxter Terrace required substantial and durable construction:

### Foundations

All structures are on rigid concrete grade beams and pile caps.  
Concrete and tile site drains.

### Exterior Walls

Common Brick; backing tile free standing metal furring; interior plaster on wire lath.

### Interior Partitions

Metal studs.

### Plastering

All walls and ceilings - plaster on wire lath.  
Vertical plaster angles have metal corner beads.

### Floors

First floor - concrete with mastic tile.  
Second floor - " " " "  
Third floor - " " " "  
Linoleum floor finish in bathrooms and kitchens.

### Woodwork

Wood doors.  
Metal casement sash and metal trim.

### Metal Work

Copper flashing.

### Roof Finish

Four-ply slag surface.

### Plumbing

All piping, brass.  
Fixtures of standard make.

### Heating

Central heating low-pressure vapor-vacuum system.

Underground distribution.

Oil burners converted to coal

### Electrical

Armored cable in all units.

Underground distribution.

Waterproofed covered wire.

### Painting

All trim - 3 coats of lead and oil.

Interior plaster - 3 coats of flat wall paint.

Kitchens and bathrooms - last coat, enamel.

### Equipment

Each dwelling unit has electric refrigerator, gas range, combination sink and tub, wood kitchen cabinets, metal medicine cabinet, toilet, lavatory, bath-tub, shades and screens. Laundries in basement with washing machines and gas dryers.

### Grounds

Concrete sidewalks and wading pool.

Surfaced playground and sitting areas.

### CONSTRUCTION COST

The Net Construction Cost of James M. Baxter Terrace was \$3,244 per dwelling unit. This figure, comprising structural, plumbing, heating and electrical costs, most closely approximates the private residential construction costs entered in applications for building permits. A provision of the United States Housing Act of 1937, applicable to this item, is that the cost of the project be lower than the "average construction cost of dwelling units currently produced by private enterprise in the locality."

According to building permit records compiled by the Bureau of Labor Statistics of the U. S. Department of Labor, 3534 dwelling units were privately built in Newark during the years 1929 to 1938. The median permit value of these units was \$4,007 so that the Net Construction Cost of \$3,244 per dwelling for the project, was far below the private construction average.

The Dwelling Facilities Costs for the project were \$3,893 per dwelling unit and \$918 per room. In addition to the Net Construction Cost, these amounts include \$649 per dwelling unit, which is the cost of dwelling equipment such as ranges, refrigerators, shades, screens, etc., architects and engineers fees, and the local housing authorities applicable administrative costs, carrying charges and contingent expenses.

The Dwelling Facilities Costs for the Project were lower than the statutory maximums of \$4,000 per dwelling unit and \$1,000 per room, applicable to these items.

In addition to the Dwelling Facilities Cost, the cost of land and of land acquisition and the cost of non-dwelling facilities, consisting of site improvements and non-dwelling buildings, spaces and equipment, were \$1,047 per dwelling unit, including the overhead applicable to these categories. Adding this amount to the Dwelling Facilities Cost, the Total Cost of New Housing for James M. Baxter Terrace, was \$4,940 per dwelling unit.



In comparison with an estimated average value of \$5,650 for all new homes insured by the Federal Housing Administration in New Jersey in 1939, the year in which the contract for the project was awarded, the Total Cost of New Housing of \$4,940 per dwelling, for the project, is low.

The three foregoing comparisons of average costs indicate that the project construction was economical and relatively low-cost. In a precise evaluation of the project construction costs, however, account must be taken of the fact that the life of the project is expected to be 60 years, at least. As the Outline of Specifications indicates, its construction is unusually sound and durable. Moreover, all workers employed in the construction of the project were paid prevailing wages.

Any valid, detailed comparison of project costs with other construction costs must be made with reference to buildings of the same type, providing comparable accommodations of equal durability, built according to similar specifications, with good materials and sound construction, by labor receiving prevailing wages.

In addition to the Total Cost of New Housing of \$3,035,199 for the 614 dwellings in the project, the cost of the buildings which were demolished was \$719,171 making a total Project Development Cost of \$3,752,570.

#### REDUCTION OF UNEMPLOYMENT

At the time of the construction of James M. Baxter Terrace, the reduction of unemployment was still an important purpose of the U. S. Housing Act, and the construction of this project was expected to assist in accomplishing it. The vast change from that situation to the present manpower shortage is typical of many ways in which the impact of the War has distorted the low-rent housing program and temporarily diverted it from its original purposes.

It is worthwhile to note for future reference, however, that the construction of the project provided an estimated 2,302,500 man-hours of employment, both direct employment at the site and indirect employment in the manufacture of the materials used in the construction of the project.

### EQUIVALENT ELIMINATION

In accordance with the provisions of the U. S. Housing Act of 1937, James M. Baxter Terrace included arrangements for the elimination of unsafe and insanitary dwellings equal in number to the number of new dwellings in the project.

The project was constructed in a slum area. Two hundred and twenty-two substandard dwellings were purchased and demolished by the Newark Housing Authority. The cost of the structures on the site was \$719,171 or about 19% of the total expenditure for the project.

Before the project was undertaken, the City of Newark contracted with the Housing Authority (which possesses no police powers) to secure the off-site elimination, by demolition or compulsory repair, of the required number of unsafe and insanitary dwellings. Under this agreement, 392 substandard dwellings were eliminated so that compliance with the statutory requirement is complete. A total of 614 slum dwellings have been eliminated in connection with the construction of this project.

THIS IS THE ERADICATION OF SLUMS. IN FACT, IT IS THE ONLY EFFECTIVE METHOD WHICH HAS EVER BEEN USED IN NEWARK TO ELIMINATE THE UNSAFE AND INSANITARY HOUSING WHICH HAS ACCUMULATED IN CERTAIN SECTIONS OF THE CITY OVER A LONG PERIOD OF YEARS.

## TAX EXEMPTION

As property in public use, James M. Baxter Terrace is tax-exempt. However, payments in lieu of taxes are made to the City as partial compensation for services to the project.

Under the provisions of the U. S. Housing Act, the project could not have been built if the City had not agreed to contribute in tax-exemption an amount equal to 20% of the Federal annual contribution. Accordingly, in a Cooperation Agreement with the Housing Authority, the City consented to accept 3% of the shelter rents of the project as payments in lieu of taxes.

On this basis, the contract payments in lieu of taxes amount to about \$3,664 per year. In recent years, this payment has been almost doubled by additional, voluntary payments in lieu of taxes made out of rent surcharges.

In estimating the cost to the city of the tax-exemption granted the project, it would be unrealistic to estimate the ad valorem taxes on the project, \$93,500 for comparison with the payments in lieu of taxes because such a comparison would be based on a condition contrary to the fact and the Law. The project would not have been built at all if ad valorem taxes were to be levied upon it.

The taxes formerly levied upon the site of the project were \$12,961 on the land and \$22,053 on the slum buildings which were demolished, but many of these properties had large tax delinquencies. Nevertheless, there was chargeable to the project a theoretical reduction in municipal tax receipts of \$31, 370 equalling the payments in lieu of taxes minus the taxes formerly levied on the site. Although actual tax collections were very much less, this figure is not an unreasonable estimate of the tax loss to the City.

It is possible, however, to arrive at a ~~fairer~~ basis for estimating the cost to the City of the Tax-exemption of the project.

In general, all real property taxes on dwellings must come out of the income of the occupants of the dwellings through the rents they pay. The

tenants of the project formerly occupied substandard dwellings, renting for about \$18 per month.

Taxes on such dwellings are estimated \$54 per year. On this basis, the taxes levied on the 614 tenant families amounted to a total of \$33,156.

When the project tenants moved from these substandard dwellings into the project, nothing was changed except the quality of their housing. Their incomes were not increased, their rents were about the same, their tax-paying ability was no greater. Insofar as the City was concerned, the services they require were reduced. Consequently, it is fair to assume that the proper value of the tax-exemption granted the project is \$33,156 minus \$3,664 payments in lieu of taxes, or \$29,492.

This amount of tax-exemption will cause an increase of about  $4/10$  of 1 cent per \$100.00 in the municipality's tax rate. It will increase the tax bill on the average private dwelling about 13 cents per year. This cost is only a fraction of the value of the project to the City as a whole, aside from its value to its tenants.

## RENTING THE PROJECT

To be eligible for occupancy in James M. Baxter Terrace, applicants for tenancy had to be occupying unsafe and insanitary housing accommodations and to families in the lowest income group in the City.

The condition of the housing occupied by the applicant was verified by inspection by a member of the staff of the Newark Housing Authority. Certification of the family income of the applicant was secured by the Housing Authority from his employer or other source of income.

The maximum income limits for admission were \$1,250 for 2-person families; \$1,350 for 3 and 4 person families; and \$1,450 for families of 5 or more persons. Preference among eligible applicants was given, however, to families having great housing need and low family income.

The actual family incomes of the original tenants of James M. Baxter Terrace were as follows:

<u>Annual Income</u>	<u>Number of Tenant Families</u>
\$400 - 449	9
450 - 499	5
500 - 549	14
550 - 599	16
600 - 649	28
650 - 699	20
700 - 749	31
750 - 799	25
800 - 899	72
900 - 999	124
1000-1099	142
1100-1199	80
1200-1299	30
1300-1399	<u>0</u>
Total	596

The Average family income of the tenants was \$925 per year or \$77 per month. These were undeniably families in the lowest income group "who cannot afford to pay enough to cause private enterprise in their locality to build an adequate supply of decent, safe and sanitary dwellings for their use" as stipulated in the U. S. Housing Act.

By accepted standards for the ratio of rent to income, a family with an income of \$925 per year cannot afford to pay more than \$15 per month for

shelter rent. In Newark in 1940, according to the U. S. Census, only 8% of the 116, 757 dwelling units in the City had a monthly rent or rental value as low as this figure. At the same time, 31% of all dwelling units were sub-standard in some respect, that is, needed major repairs, lacked private toilet or bath, etc. Obviously, it was not possible for the project tenants to buy or rent anything except substandard accommodations in the private real estate market.

Additional proof of this assertion is found in a tabulation of the major deficiencies in the former homes of the original tenants of the project:

<u>Major Deficiency in Former Dwelling</u>	<u>Number</u>	<u>Percent</u>
Structure needs Major Repairs	357	59
No Inside Private Bath	285	48
No Inside Private Flush Toilet	144	24
No Cooking Facilities with Sink	47	8
No Adequate and Safe Heating	469	77
No Adequate and Safe Artificial Lighting	33	6
No Natural Light and Adequate Ventilation	102	17
Dwelling Overcrowded (more than 1½ persons per room)	<u>91</u>	<u>15</u>
Total	1,518	254

From this total of 1,518 deficiencies for 598 families, it is evident that the average tenant family had more than two major deficiencies in its former dwelling. Furthermore, this tabulation takes no account of numerous other defects such as dampness, infestation by rats or vermin, lack of privacy, doubling-up of families and fire hazards.

THIS IS REHOUSING SLUM DWELLERS. THIS IS THE PROVISION OF DECENT, SAFE AND SANITARY DWELLINGS FOR FAMILIES OF LOW INCOME.

Project rents were adjusted to family income by a system of graded rents whereby tenants were charged from 20 to 30 percent of net family income. The lower ratios applied to the larger families and the higher ratios applied to the smaller families. The average ratio of rent to income was 25%.

The basic rent schedule for the project was as follows:

JAMES M. BAXTER TERRACE

RENT SCHEDULE

Rent Grade	Monthly Rent Incl. Utilities	Annual Income Limits		
		2 Persons	4 Persons	5 Persons or More
A	\$19.00	Up to \$800	Up to \$900	Up to \$1,000
B	22.00	\$801-1,000	\$901-1,125	\$1,001-1,250
C	25.00	1,001-1,250*	1,125-1,350*	1,251-1,450*
X	32.00	1,251-1,450	1,351-1,550	1,451-1,650

\*Maximum income limits for admission. Grade X is used only for continued occupancy by tenants admitted to Grades A, B and C. Maximum income limits for continued occupancy by tenants whose incomes increase after admission are the upper limits of Grade X.

Tenant family incomes are re-examined annually to determine assignment to rent grades and eligibility for continued occupancy.

The average monthly project rent under this schedule is about \$21, comprising \$14 for shelter rent and \$7 for utilities.



## PROJECT INCOME AND EXPENSE

In the attached table, Project Income and Expense per dwelling per month is given for the 4 low-income projects which are operated by the Newark Housing Authority under a single contract for loan and annual contribution. The statement covers a period beginning just after the entry of this country into the war when the effect of rising income and operating expenses was just becoming apparent.

Under Income the item of Dwelling Rents is self-explanatory.

Net Annual Contribution is the amount of Federal subsidy actually paid to help maintain the low-rent character of the project.

Under Expense, the item of Management and Leasing comprises all salaries, supplies and equipment for general management supervision of the project, including the local housing authority's overhead, tenant investigation and selection, leasing and rent collection, tenant complaints and service requests, purchasing, budgeting and accounting, personal administration, reporting, public relations, stenographic and clerical services, fees for legal services, court costs and fiscal agent fees.

Operating Services includes the cost of labor, materials and equipment used in performing janitorial, exterminating and watchmen services.

Dwelling Utilities includes the cost of supplying to the tenants water, gas for cooking and electricity for lighting and refrigeration, purchased from public utility companies, and heat and hot water, produced by the project.

Repairs, Maintenance and Replacement includes the cost of labor, materials and equipment used in the maintenance of grounds, in the repair of structures, in painting and decorating, in the repair of plumbing, gas, electrical and heating systems and in the repair or replacement of ranges and refrigerators.

Alterations and Betterments represent the cost of operating improvements which increase the efficiency and economy of project operations.

Community Activities includes any cost incurred in assisting health, education and recreation programs necessary because of the Low-rent character of the project.

Collection losses is the amount of accounts receivable written off as uncollectible.

Insurance includes the total amount of premiums for all forms of insurance such as fire, boiler, public liability, workmen's compensation, burglary and fidelity bond.

Contract Payment in Lieu of Taxes is the amount paid the municipality in accordance with the Cooperation Agreement.

Voluntary Payment in Lieu of Taxes is an additional amount paid out of subsidy savings.

Debt Service is the amount paid as interest and amortization on the bonds issued by the Newark Housing Authority to defray the Development Cost of the project. Series A Bonds in the amount of \$542,000 were sold to private investors. Series B Bonds in the amount of \$3,160,000 were sold to the United States Housing Authority.

Reserves for Vacancy and Collection Losses is a cash account established as a reserve against losses which may be incurred during future periods of depression.

Reserves for Repairs, Maintenance and Replacement is a cash account, set aside while the project is now to be expanded later in the life of the project, thereby stabilizing rentals over a long period.

SETH BOYDEN COURT  
 PENNINGTON COURT  
 JAMES M. BAXTER TERRACE  
 STEPHEN CRANE VILLAGE

PROJECT INCOME AND EXPENSE

FISCAL YEAR, 1942-1943

<u>INCOME</u>	<u>PER DWELLING PER MONTH</u>
Dwelling Rents from tenants	\$23.43
Net Annual Contribution from U.S.H.A.	12.09
Other Income from Tenants	<u>.17</u>
Total	\$35.69
<u>EXPENSE</u>	
Management and Leasing	3.31
Operating Services	1.84
Dwelling Utilities	6.91
Repairs, Maintenance and Replacement	3.32
Alterations and Betterments	.96
Community Activities	—
Collection Losses	.01
Insurance	.87
Contract Payments to City in Lieu of Taxes	.50
Voluntary Payment to City in Lieu of Taxes	.42
Debt Service, Series A and Series B Bonds	<u>13.94</u>
Total before Reserves	\$31.78
Reserves for Vacancy and Collection Losses	1.89
Reserves for Repairs, Maintenance and Replacement	<u>2.02</u>
Total	\$35.69

## EFFECTS OF THE WAR

When James M. Baxter Terrace was opened in October 1941 twenty percent of the families were receiving public assistance. In December 1942 when the first re-examination of tenant income was made less than six percent were "public assistance" cases. There was noticeable shifting from WPA to private employment, and an increase in the number of workers per family as sons and daughters reached working age and found jobs in the booming defense plants. 1942 this average had increased to \$1,505 and by January 1, 1944, higher rates of pay and overtime had pushed the average to \$1,984.57 and the number of public assisted families had declined to less than 4 percent. As the incomes went up the average rent went from \$20.05 in 1941 to \$35.79 in 1944.

During 1942-1943, when tenant incomes began to increase because of overtime and the employment of supplemental wage-earners in the family, the income of some families rose above the project limits for continued occupancy. These families were obliged to move out of the project. Their dwellings were leased to other families whose incomes were below the project limits for admission.

As the housing shortage was intensified, however, families required to move because of excessive income found it increasingly difficult, and finally impossible, to secure any other accommodations whatsoever. In the face of this situation, the Newark Housing Authority realized that it could no longer evict tenants for excessive income during the period of the emergency. Any other course would have run counter to the war effort and the efforts being made by a number of agencies to provide additional housing for war workers.

At about the same time, the Rent Control Regulations of the Office of Price Administration were made effective in Newark. Under these regulations tenants can be forced to move only for specified reasons of which excessive

income is not one. Consequently, the Housing Authority will not be able to resume eviction for excessive income as long as the housing shortage continues and the OPA emergency rent regulations are in force.

The tenants who are permitted to continue in occupancy are charged, as additional monthly rent, \$1.00 for every \$50 by which the annual family income exceeds the project limit for continued occupancy up to the ceiling rents established for the project. Maximum rents including utilities registered with the Office of Price Administration are \$37 per month for 1 bedroom units, \$42 for 2 bedroom units, and \$47 for 3 bedroom units. Tenants who are paying these maximum rents are not being subsidized.

At present, most of the families who secure rent reductions because of decreased income, are supported by Dependency Benefit allotments from wage-earners who have been inducted into the armed forces.

While the war has been responsible for a marked increase in tenant income, it also has been responsible for a more marked increase in operating costs. Because of the fuel shortage the project heating plant has been converted from oil to coal at considerable expense. This conversion has also increased the cost and difficulty of operating the heating plant. For instance, shortage of manpower and high wages in war plants has made it extremely difficult to obtain firemen and laborers. In fact, the effect of the manpower shortage has been felt throughout the entire personnel of the Housing Authority. In spite of high wages it has been extremely difficult to hire and retain a competent staff.

## THE SOCIAL EFFECTS OF PUBLIC HOUSING IN NEWARK

The Housing Authority of the City of Newark undertook what it believes to be the first comprehensive investigation of its kind in this country - an investigation into the social effects of the public housing program in the city. And by housing was meant not only an improved physical structure, but an improved pattern of living brought about by more privacy, better recreational facilities, and, in general, a more healthful environment.

This study, which will be printed shortly, compares the families in the projects with those in the Wards of the City surrounding the projects, in terms of the incidence of tuberculosis, infant mortality, communicable diseases, birth rates, juvenile delinquency, school records, fires, home accidents, etc. From our study of three projects, (James Baxter Terrace, Felix Fuld Court and Stephen Crane Village) it was found that public housing has had decidedly beneficial effects on the rehoused families.

In the housing projects, each year 3.3 out of every 1000 persons 15 to 40, had tuberculosis. In infant mortality too the projects had a lower rate. If the rate in the three wards studied had been as low as that in the three projects, in 1943, there would have been 21 infant deaths instead of 53.

The rates for communicable diseases, including Whooping Cough, Measles, Mumps, Scarlet Fever, German Measles, and Chicken Pox, were also lower in the projects than in the Wards. For 1942 and 1943 combined, the rate for the projects was 114.2 cases per 1000 children under 15 years of age as compared with 163.5 cases in the wards.

The number of births, corrected by taking into account the number of women 15 to 40, was higher in the projects than in the Wards. For the two years combined, the birth rate in the projects was 118.5 compared with 86.2 in the Wards, per 1000 women 15 to 40.

The rate of fires in the seven housing projects in Newark was much lower than the rate in the dwellings of the city as a whole. Using the

arbitrary figure of \$100, as the average cost to the Fire Department of a response to a fire, it was found that responses to fire in the projects cost \$295 per 100 dwelling units, as compared with \$1115 per 1000 dwelling units in the city. If the number of fires per 10,000 persons had been the same in the City as in the projects, the saving at \$100 per fire call, would have been \$91,700.

A study of the school children showed that after being rehoused they were absent less, and had slightly higher grades. The juvenile delinquency rate was generally lower for the projects than for the Yards. For the Negro population, this difference was marked. There were no cases of delinquency among the girls in the projects.

From interviewing a representative sample of the families, living in the three projects studied, it was found that:

1. 69% of the mothers said that their school children showed an improvement since living in the project.
2. 98% found their children easier to keep clean.
3. 100% stated that their children had better play facilities.
4. 46% found that housekeeping took them less time.
5. 77% said that their families were now happier.
6. 69% of the families were able to save money, or buy more things for their homes.
7. 100% had had no serious home accidents.

It must not be thought that the benefits were restricted to the project residents. The community also benefited insofar as every reduction in disease and crime not only means a great financial saving, but provides the social climate for a satisfying and healthy life. To give one example, it has been estimated that the average cost to the community of a tuberculosis case is about \$5000. If the rate for tuberculosis in the Yards were reduced

to that in the three housing projects studies, there would have been 85 cases per year instead of 158. The savings to the community would amount to about \$365,000. But, more than that, there would be an immense saving in human suffering and unhappiness.



## APPENDIX

### UNITED STATES HOUSING ACT OF 1937

The U. S. Housing Act of 1937 (Public - No. 412 - 75th Congress) is entitled "An Act to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provision of decent, safe and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes".

To achieve the objectives set forth in the Title of the Housing Act, a Federal lending agency, the United States Housing Authority (now the Federal Public Housing Authority), was created. It was authorized to finance a low-rent housing program by issuing up to 800 million dollars worth of bonds guaranteed by the United States.

The funds so raised may be loaned to local housing authorities to assist them in the development of low-rent housing projects, up to 90 per cent of the cost of the project. Such loans bear interest at  $1/2$  of 1% more than the going Federal interest rate at the time the loan is made. The loans must be repaid within a period not exceeding 60 years.

A portion of the proceeds of the  $1/2$  of 1% interest profit is used to defray the operating expenses of the United States Housing Authority which receives no appropriation from Congress for this purpose.

In order to assist in achieving and maintaining the low-rent character of the housing projects, the U. S. Housing Authority is also authorized to contract to make annual contributions, or subsidy payments, to public housing agencies in amounts not exceeding 1% more than the going Federal interest rate, at the time of the contract, on the development cost of the project involved.

For the 800 million dollar program, it was anticipated that 28 million dollars per year would be needed in normal times for annual contributions. Because of wartime conditions, however, only 15 million dollars has been used for annual contributions during each of the last two years.

THE ENTIRE COST IN THE FEDERAL GOVERNMENT OF THE LOW-RENT HOUSING PROGRAM IS LESS THAN THE ANNUAL CONTRIBUTIONS BY THE AMOUNT THE INTEREST PROFIT DEDUCES THE ADMINISTRATIVE COSTS OF THE UNITED STATES HOUSING AUTHORITY.

The objectives of the Housing Act must be achieved within the following important restrictions among others set forth in the Act:

1. No loan or annual contribution can be made by the U. S. Housing Authority in cities having less than 500,000 population, for a housing project costing more than \$4,000, per family dwelling unit, or \$1,000 per room (excluding land, demolition and non-dwelling facilities)

2. No loan or annual contribution can be made by the U. S. Housing Authority for a housing project costing more than the average construction cost of dwelling units currently produced by private enterprise in the locality, under the legal building requirements applicable to the proposed site and under labor standards not lower than those prescribed in the Housing Act.

3. All contracts pursuant to the Housing Act must contain a provision requiring payment of the wages or fees prevailing in the locality to all persons employed in the development or administration of the housing project involved.

4. Annual contributions can be made by the U. S. Housing Authority to housing projects involving the construction of new dwellings only if the project includes the elimination, by demolition, effective closing or compulsory repair, of unsafe and insanitary dwellings equal in number to the number of new dwellings in the project, except in such elimination may be deferred in any locality where the shortage of decent, safe and sanitary housing available to families of low income is so acute as to force dangerous overcrowding of such families.

5. Annual contributions can be made by the U. S. Housing Authority only when the State, County or Municipality in which the project is situated contributes in cash or tax exemption an amount equal to 20% of the Federal annual contribution.

6. Low-rent dwellings are available for occupancy only by families whose net income at the time of admission does not exceed five times the rental including dwelling utilities except that the ratio of income to rent shall not exceed 6 to 1 in the case of families having 3 or more minor dependents.

7. "Families of low income" are the families in the lowest income group who cannot afford to pay enough to cause private enterprise in their locality to build an adequate supply of decent, safe and sanitary dwellings for their use.

#### NEW JERSEY LOCAL HOUSING AUTHORITIES LAW OF 1938

The New Jersey Local Housing Authorities Law (Chapter 19, Laws of 1938) contains this declaration of necessity of legislation --

"It is hereby declared:

(a) That there exist in the State insanitary or unsafe dwelling accommodations and that persons of low income are forced to reside in such insanitary or unsafe accommodations; that within the State there is a shortage of safe and sanitary dwelling accommodations available at rents which persons of low income can afford and that such persons are forced to occupy overcrowded and congested dwelling accommodations; that the aforesaid conditions cause an increase in and spread of disease and crime and constitute a menace to the health, safety, morals and welfare of the residents of the State and impair economic values, that these conditions necessitate excessive and disproportionate expenditures of public funds for crime prevention and punishment, public health and safety, fire and accident protection, and other public services and facilities;

(b) That these needs in the State cannot be altered, nor can the shortage of safe and sanitary dwellings for persons of low income be relieved, through the operation of private enterprise, and that the construction of housing projects for persons of low income (as herein defined) would therefore not be competitive with private enterprise;

(c) That the clearance, replanning and reconstruction of the areas in which insanitary or unsafe housing conditions exist and the providing of safe and sanitary dwelling accommodations by any public body for persons of low income are public uses and purposes for which public money may be spent and private property required and are governmental functions of State concern;

(d) That it is in the public interest that work on projects for such purposes be commenced as soon as possible in order to relieve unemployment;

And the necessity in the public interest for the provisions hereinafter enacted, is hereby declared as a matter of legislative determination."

Under the provisions of this Law, the governing body of any municipality may create by ordinance a public corporation known as a Housing Authority. Each Authority shall constitute a body corporate and politic, an agency of the municipality. The governing body of the municipality shall appoint five persons to be Commissioners of the Housing Authority for five-year terms, one term expiring each year. The powers of the Authority are vested in the Commissioners who serve without compensation.

The Housing Authority is empowered generally to carry out the purposes of the Local Housing Authorities Law with specific mention of the powers, among others, to investigate housing conditions; to acquire property; to exercise the power of eminent domain; to construct, lease, and operate housing projects; to employ assistants and delegate its duties and powers; to borrow money and to accept grants from the Federal Government; to issue bonds; to pledge its assets as security for its bonds.

The Housing Authority cannot operate for profit. Its obligations are not obligations of the State or any political subdivision thereof. Its properties are tax-exempt but it may make payments in lieu of taxes. Its projects are subject to all planning, zoning, sanitary, building and other local laws and regulations. Its dwellings may be leased only to persons of low income.

HOUSING AUTHORITY OF THE CITY OF NEWARK

SPECIAL REPORT  
on the Development and Operation of  
SETH BOYDEN COURT  
a Low-rent Public Housing Project

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SPECIAL REPORT  
on the Development and Operation  
of  
SETH BOYDEN COURT  
a LOW-RENT PUBLIC HOUSING  
PROJECT

The purpose of this report is to review the development and operation of Seth Boyden Court by the Housing Authority of the City of Newark, under the provisions of the United States Housing Act of 1937 and the New Jersey Local Housing Authorities Law of 1936. A brief summary of the purposes and provisions of each of these statutes is given at the end of this report.

## PROJECT DESCRIPTION

Seth Boyden Court is located on Frelinghuysen Avenue in Newark, New Jersey.

The project consists of 530 dwelling units, in twelve 3-story brick buildings. There is also a Community hall, heating plant, office, meeting rooms, health clinic, baby-keep-well station and a branch of the public library.

The distribution of dwelling units by size is as follows:

3 rooms	1 Bedroom	122 units	366 rooms
3½ "	1 "	56 "	196 "
4 "	2 "	— "	— "
4½ "	3 "	257 "	1156½ "
5 "	3 "	— "	— "
5½ "	3 "	96 "	522½ "
		530	2241

The project has an area of about 15.85 acres including -0- available for future development. Only 19.72% of the land is covered by buildings. The population density is 33.48 families per acre.

Of the project grounds, approximately one-quarter is surfaced for play and sitting areas. Most of the balance is landscaped and is maintained by the project staff. The janitorial work and the interior painting are done by the project and central maintenance staffs. Tenants aid in janitorial work.

Gas for cooking, electricity for lighting and refrigeration, steam heat and hot and cold water are furnished by the project and included in the dwelling rentals.

Construction of the project was completed in May, 1941 and it has been fully occupied by 530 white families since June 1, 1941.

## OUTLINE OF SPECIFICATIONS

The specifications for Seth Boyden Court required substantial and durable construction:

### Foundations

All structures are on rigid concrete foundations.

Concrete and Tile site drains.

### Exterior Walls

Common Brick; backing tile with metal furring; interior plaster on wire lath.

### Interior Partitions

Metal studs.

### Plastering

All walls and ceilings - plaster on wire lath.

Vertical plaster angles have metal corner beads.

### Floors

First floor - concrete with mastic tile.

Second floor - " " " "

Third floor - " " " "

Linoleum floor finish in kitchen. Bathroom floor of ceramic tile.

### Woodwork

Wood doors.

Metal casement sash and metal trim.

### Metal Work

Copper flashing.

### Roof Finish

Four-ply slag surface.

### Plumbing

All piping, brass.

Fixtures of standard make.

### Heating

Central heating low-pressure vapor-vacuum system.

Underground distribution.

Oil burners converted to coal.

### Electrical

Armored cable in all units.

Underground distribution.

Waterproofed covered wire.

### Painting

All trim - 3 coats of lead and oil.

Interior plaster - 2 coats of casein wall paint.

Kitchens and bathrooms - last coat, enamel.

### Equipment

Each dwelling unit has electric refrigerator, gas range, combination sink and tub, wood kitchen cabinets, metal medicine cabinets, toilet, lavatory, bath-tub, shades and screens, and in basements public laundries, washing machines and gas dryers.

### Grounds

Concrete sidewalks and wading pool.

Surfaced playground and sitting areas.



## CONSTRUCTION COST

The Net Construction Cost of Seth Boyden Court was \$3,101 per dwelling unit. This figure, comprising structural, plumbing, heating and electrical costs, most closely approximates the private residential construction costs entered in applications for building permits. A provision of the United States Housing Act of 1937, applicable to this item, is that the cost of the project be lower than the "average construction cost of dwelling units currently produced by private enterprise in the locality."

According to building permit records compiled by the Bureau of Labor Statistics of the United States Department of Labor, 3634 dwelling units were privately built in Newark during the years 1929 to 1938. The median permit value of these units was \$4,007 so that the Net Construction Cost of \$3,101 per dwelling for the project, was far below the private construction average.

The Dwelling Facilities Costs for the project were \$3,666 per dwelling unit and \$367 per room. In addition to the Net Construction Cost, these amounts include \$565 per dwelling unit, which is the cost of dwelling equipment such as ranges, refrigerators, shades, screens, etc., architects and engineers fees, and the local housing authorities applicable administrative costs, carrying charges and contingent expenses.

The Dwelling Facilities Costs for the Project were lower than the statutory maximums of \$4,000 per dwelling unit and \$1,000 per room, applicable to these items.

In addition to the Dwelling Facilities Cost, the cost of land and of land acquisition and the cost of non-dwelling facilities, consisting of site improvements and non-dwelling buildings, spaces and equipment, were \$1,316 per dwelling unit, including the overhead applicable to these categories. Adding this amount to the Dwelling Facilities Cost, the Total Cost of New Housing for Seth Boyden Court, was \$4,981 per dwelling unit.

In comparison with an estimated average value of \$5,650 for all new homes insured by the Federal Housing Administration in New Jersey in 1939, the year in which the contract for the project was awarded, the Total Cost of New Housing of \$4,981 per dwelling, for the project, is low.

The three foregoing comparisons of average costs indicate that the project construction was economical and relatively low-cost. In a precise evaluation of the project construction costs, however, account must be taken of the fact that the life of the project is expected to be 50 years, at least. As the Outline of Specifications indicates, its construction is unusually sound and durable. Moreover, all workers employed in the construction of the project were paid prevailing wages.

Any valid, detailed comparison of project costs with other construction costs must be made with reference to buildings of the same type, providing comparable accommodations of equal durability, built according to similar specifications, with good materials and sound construction, by labor receiving prevailing wages.

In addition to the Total Cost of New Housing of \$2,639,965 for the 530 dwellings in the project, the cost of the buildings which were demolished was \$76,784 making a total Project Development Cost of \$2,716,749.

#### REDUCTION OF UNEMPLOYMENT

At the time of the construction of Seth Boyden Court, the reduction of unemployment was still an important purpose of the U. S. Housing Act, and the construction of this project was expected to assist in accomplishing it. The vast change from that situation to the present manpower shortage is typical of many ways in which the impact of the War has distorted the low-rent housing program and temporarily diverted it from its original purposes.

It is worthwhile to note for future reference, however, that the construction of the project provided an estimated 1,987,500 man-hours of employment, both direct employment at the site and indirect employment in the manufacture of the materials used in the construction of the project.

### EQUIVALENT ELIMINATION

In accordance with the provisions of the U. S. Housing Act of 1937, Seth Boyden Court included arrangements for the elimination of unsafe and insanitary dwellings equal in number to the number of new dwellings in the project.

The project was constructed on a non-residential site. Before the project was undertaken, however, the City of Newark contracted with the Housing Authority (which possesses no police powers) to secure the off-site elimination, by demolition or compulsory repair, of the required number of unsafe and insanitary dwellings.

Under this agreement, many substandard dwellings were demolished and have been credited to other projects but, because of war-time conditions it has been necessary to defer the balance of the equivalent elimination so that none has yet been performed in connection with this project. Because of the nature of its industries, Newark felt the effect of war activities at an early date. At the beginning of 1942, according to a survey made by the U. S. Bureau of the Census, only 1.3% of the total dwellings in Newark were vacant.

As a result of this housing shortage, Newark was obliged to secure the permission of the Federal Public Housing Authority to defer any further demolition because of the acute housing shortage. Any other course would have run counter to the war effort and the action being taken by a number of official agencies to provide additional housing for in-migrant war workers.

Deferment of compliance with the equivalent elimination requirement is extended for 6 month periods on the basis of the continuance of the housing shortage. As soon as the shortage is relieved, the deferment will be cancelled and demolition will be resumed.

## TAX EXEMPTION

As property in Public use, Seth Boyden Court is tax-exempt. However, payments in lieu of taxes are made to the City as partial compensation for services to the project.

Under the provisions of the U. S. Housing Act, the project could not have been built if the City had not agreed to contribute in tax-exemption an amount equal to 20% of the Federal annual contribution. Accordingly, in a Cooperation Agreement with the Housing Authority, the City consented to accept 3% of the shelter rents of the project as payments in lieu of taxes.

On this basis, the contract payments in lieu of taxes amount to about \$3270 per year. In recent years, this payment has been almost doubled by additional, voluntary payments in lieu of taxes made out of rent surcharges.

In estimating the cost to the city of the tax-exemption granted the project, it would be unrealistic to estimate the ad valorem taxes on the project, \$82,500 for comparison with the payments in lieu of taxes because such a comparison would be based on a condition contrary to the fact and the Law. The project would not have been built at all if ad valorem taxes were to be levied upon it.

The taxes formerly levied upon the site of the project were \$6,185 on the land and \$2,135 on the buildings which were demolished, but many of these properties had large tax delinquencies. Nevertheless, there was chargeable to the project a theoretical reduction in municipal tax receipts of \$5,046 equalling the taxes formerly levied on the site minus the payments in lieu of taxes. Although actual tax collections were very much less, this figure is not an unreasonable estimate of the tax loss to the City.

It is possible, however, to arrive at a fairer basis for estimating the cost to the City of the tax-exemption of the project.

In general, all real property taxes on dwellings must come out of the income of the occupants of the dwellings through the rents they pay. The tenants of the project formerly occupied substandard dwellings, renting for

about \$18 per month.

Taxes on such dwellings are estimated at \$54 per year. On this basis, the taxes levied on the 530 tenant families amounted to a total of \$28,820.

When the project tenants moved from these substandard dwellings into the project, nothing was changed except the quality of their housing. Their incomes were not increased, their rents were about the same, their tax-paying ability was no greater. Insofar as the City was concerned, the services they require were reduced. Consequently, it is fair to assume that the proper value of the tax-exemption granted the project is \$28,820 minus \$3,270 payments in lieu of taxes, or \$25,550.

This amount of tax-exemption will cause an increase of less than 4/10 of 1 cent per \$100.00 in the municipality's tax rate. It will increase the tax bill on the average private dwelling about 13 cents per year. This cost is only a fraction of the value of the project to the City as a whole aside from its value to its tenants.

### RENTING THE PROJECT

To be eligible for occupancy in Seth Boyden Court, applicants for tenancy had to be occupying unsafe and insanitary housing accommodation and to be families in the lowest income group in the City.

The condition of the housing occupied by the applicant was verified by inspection by a member of the staff of the Newark Housing Authority. Certification of the family income of the applicant was secured by the Housing Authority from his employer or other source of income.

The maximum income limits for admission were \$1,250 for 2-person families; \$1,350 for 3 and 4-person families; and \$1,450 for families of 5 or more persons. Preference among eligible applicants was given, however, to families having great housing need and low family income.

the actual family incomes of the original tenants of Seth Boyden Court were as follows:

<u>Annual Income</u>	<u>Number of Tenant Families</u>
Under \$400	2
\$400 -449	3
450 -499	2
500 -549	12
550 -599	3
600 -649	16
650 -699	11
700 -749	6
750 -799	30
800 -899	49
900 -999	73
1000-1099	106
1100-1199	108
1200-1299	88
1300-1399	12
over-1400	<u>2</u>
Total	521

The Average Family Income of the tenants was \$1,017 per year or \$85 per month. These were undeniably families in the lowest income group "who cannot afford to pay enough to cause private enterprise in their locality to build an adequate supply of decent, safe and sanitary dwellings for their use" as stipulated in the U. S. Housing Act.

By accepted standards for the ratio of rent to income, a family with an income of \$1,017 per year cannot afford to pay more than \$17 per month for shelter rent. In Newark in 1940, according to the U. S. Census, only 11% of the 116,707 dwelling units in the City had a monthly rent or rental value as low as this figure. At the same time, 31% of all dwelling units were substandard in some respect, that is, needed major repairs, lacked private toilet or bath, etc. Obviously, it was not possible for the project tenants to buy or rent anything except substandard accommodations in the private real estate market.

Additional proof of this assertion is found in a tabulation of the major deficiencies in the former homes of the original tenants of the project:

<u>Major Deficiency in Former Dwelling</u>	<u>Number</u>	<u>Percent</u>
Structure needs Major Repairs	243	47
No Inside Private Bath	231	44
No Inside Private Flush Toilet	99	19
No Cooking Facilities with Sink	59	11
No Adequate and Safe Heating	316	61
No Adequate and Safe Artificial Lighting	16	3
No Natural Light and Adequate Ventilation	67	13
Dwelling Overcrowded (more than $1\frac{1}{2}$ persons per room)	166	32
Total	1,197	230

From this total of 1,197 deficiencies for 521 families, it is evident that the average tenant family had more than two major deficiencies in its former dwelling. Furthermore, this tabulation takes no account of numerous other defects such as dampness, infestation by rats or vermin, lack of privacy, doubling-up of families and fire hazards.

THIS IS REHOUSING SLUM DWELLERS. THIS IS THE PROVISION OF DECENT, SAFE AND SANITARY DWELLINGS FOR FAMILIES OF LOW INCOME.

Project rents were adjusted to family income by a system of graded rents whereby tenants were charged from 20 to 30 percent of net family income. The lower ratios applied to the larger families and the higher ratios applied to the smaller families. The average ratio of rent to income was 25%.



The basic rent schedule for the project was as follows:

SETH BOYDEN COURT RENT SCHEDULE

Rent Grade	Monthly Rent Incl. Utilities	Annual Income Limits		
		2 Persons	3-4 Persons	5 Persons or More
A	\$19.00	Up to \$800	Up to \$900	Up to \$1,000
B	22.00	\$801-1,000	\$901-1,125	\$1,001-1,250
C	25.00	1,001-1,250*	1,126-1,350*	1,251-1,450*
X	32.00	1,251-1,450	1,351-1,550	1,451-1,650

\* Maximum income limits for admission. Grade X is used only for continued occupancy by tenants admitted to Grades A, B and C. Maximum income limits for continued occupancy by tenants whose incomes increase after admission are the upper limits of Grade X.

Tenant family incomes are re-examined annually to determine assignment to rent grades and eligibility for continued occupancy.

The average monthly project rent under this schedule is about \$23, comprising \$16 for shelter rent and \$7 for utilities.

## PROJECT INCOME AND EXPENSE

In the attached table, Project Income and Expense per dwelling per month is given for the 4 low-income projects which are operated by the Newark Housing Authority under a single contract for loan and annual contribution. The statement covers a period beginning just after the entry of this country into the war when the effect of rising income and operating expenses was just becoming apparent.

Under Income, the item of Dwelling Rents is self-explanatory.

Net Annual Contribution in the amount of Federal subsidy actually paid to help maintain the low-rent character of the project.

Under Expense, the item of Management and Leasing comprises all salaries, supplies and equipment for general management supervision of the project, including the local housing authority's overhead, tenant investigation and selection, leasing and rent collection, tenant complaints and service requests, purchasing, budgeting and accounting, personal administration, reporting, public relations, stenographic and clerical services, fees for legal services, court costs and fiscal agent fees.

Operating Services includes the cost of labor, materials and equipment used in performing janitorial, exterminating and watchmen services.

Dwelling Utilities includes the cost of supplying to the tenants water, gas for cooking and electricity for lighting and refrigeration, purchased from public utility companies, and heat and hot water, produced by the project.

Repairs, Maintenance and Replacement includes the cost of labor, materials and equipment used in the maintenance of grounds, in the repair of structures, in painting and decorating, in the repair of plumbing, gas, electrical and heating systems and in the repair or replacement of ranges and refrigerators.

Alterations and Betterments represent the cost of operating improvements which increase the efficiency and economy of project operations.

Community Activities includes any cost incurred in assisting health, education and recreation programs necessary because of the low-rent character

of the project.

Collection losses is the amount of ~~accounts~~ receivable written off as uncollectible.

Insurance includes the total amount of premiums for all forms of insurance such as fire, boiler, public liability, workmen's compensation, burglary and fidelity bond.

Contract Payment in Lieu of Taxes is the amount paid the municipality in accordance with the Cooperation Agreement.

Voluntary Payment in Lieu of Taxes is an additional amount paid out of subsidy savings.

Debt Service is the amount paid as interest and amortization on the bonds issued by the Newark Housing Authority to defray the Development Cost of the project. Series A bonds in the amount of \$390,000 were sold to private investors. Series B bonds in the amount of \$2,270,000 were sold to the United States Housing Authority.

Reserves for Vacancy and Collection Losses is a cash account established as a reserve against losses which may be incurred during future periods of depression.

Reserves for Repairs, Maintenance and Replacement is a cash account, set aside while the project is new to be expended later in the life of the project, thereby stabilizing rentals over a long period.

SETH BOYDEN COURT  
 PENNINGTON COURT  
 JAMES M. BAXTER TERRACE  
 STEPHEN CRANE VILLAGE

PROJECT INCOME AND EXPENSE

FISCAL YEAR, 1942-1943

<u>INCOME</u>	<u>PER DWELLING PER MONTH</u>
Dwelling Rents from tenants	\$23.43
Net Annual Contribution from U.S.H.A.	12.09
Other Income from Tenants	<u>.17</u>
Total	\$35.69
<u>EXPENSE</u>	
Management and Leasing	3.31
Operating Services	1.84
Dwelling Utilities	6.91
Repairs, Maintenance and Replacement	3.32
Alterations and Betterments	.96
Community Activities	--
Collection Losses	.01
Insurance	.87
Contract Payments to City in Lieu of Taxes	.50
Voluntary Payment to City in Lieu of Taxes	.42
Debt Service, Series A and Series B Bonds	<u>13.94</u>
Total before Reserves	\$31.78
Reserves for Vacancy and Collection Losses	1.89
Reserves for Repairs, Maintenance and Replacement	<u>2.02</u>
Total	\$35.69

## EFFECTS OF THE WAR

When Seth Boyden Court was first fully occupied in June, 1941 twenty percent of the families were receiving public assistance. In February, 1942 when the first annual re-examination of tenant income was made less than ten percent were "public assistance" cases. There was a noticeable shifting from WPA to private employment, and an increase in the number of workers per family as sons and daughters reached working age and found jobs in the booming defense plants. When the project opened the average family income was \$1,017 a year. In February, 1942 this average had increased to \$1,157.21. In December, 1942 the average rose to \$1,518.65 and by January 1, 1944, higher rates of pay and overtime had pushed the average to \$1,960 and the number of public assisted families had declined to less than 4 percent. As the incomes went up the average rent went from \$24.36 in 1941 to \$35.09 in 1944.

During 1942-1943, when tenant incomes began to increase because of overtime and the employment of supplemental wage-earners in the family, the income of some families rose above the project limits for continued occupancy. Those families were obliged to move out of the project. Their dwellings were leased to other families whose incomes were below the project limits for admission.

As the housing shortage was intensified, however, families required to move because of excessive income found it increasingly difficult, and finally impossible, to secure any other accommodations whatsoever. In the face of this situation, the Newark Housing Authority realized that it could no longer evict tenants for excessive income during the period of the emergency. Any other course would have run counter to the war effort and for war workers.

At about the same time, the Rent Control Regulations of the Office of Price Administration were made effective in Newark. Under these regulations, tenants can be forced to move only for specified reasons of which excessive

Income is not one. Consequently, the Housing Authority will not be able to resume eviction for excessive income as long as the housing shortage continues and the OPA emergency rent regulations are in force.

The tenants who are permitted to continue in occupancy are charged, as additional monthly rent, \$1.00 for every \$50 by which the annual family income exceeds the project limit for continued occupancy up to the ceiling rents established for the project. Maximum rents including utilities registered with the Office of Price Administration are \$38 per month for 1 bedroom units, \$43 for 2 bedroom units, and \$48 for 3 bedroom units. Tenants who are paying these maximum rents are not being subsidized.

At present, most of the families who secure rent reductions because of decreased income, are supported by Dependency Benefit allotments from wage-earners who have been inducted into the armed forces.

While the war has been responsible for a more marked increase in operating costs. Because of the fuel shortage the project heating plant has been converted from oil to coal at considerable expense. This conversion has also increased the cost and difficulty of operating the heating plant. For instance, shortage of manpower and high wages in war plants has made it extremely difficult to obtain firemen and laborers. In fact, the effect of the manpower shortage has been felt throughout the entire personnel of the Housing Authority. In spite of high wages it has been extremely difficult to hire and retain a competent staff.

## THE SOCIAL EFFECTS OF PUBLIC HOUSING IN NEWARK

The Housing Authority of the City of Newark undertook what it believes to be the first comprehensive investigation of its kind in this country - an investigation into the social effects of the public housing program in the city. And by housing was meant not only an improved physical structure, but an improved pattern of living brought about by more privacy, better recreational facilities, and, in general, a more healthful environment.

This study, which will be printed shortly, compares the families in the projects with those in the Wards of the City surrounding the projects, in terms of the incidence of tuberculosis, infant mortality, communicable diseases, birth rates, juvenile delinquency, school records, fires, home accidents, etc. From our study of three projects, (James Baxter Terrace, Felix Fuld Court and Stephen Crane Village) it was found that public housing has had decidedly beneficial effects on the rehoused families.

In the housing projects, each year 3.3 out of every 1000 persons 15 to 40, had tuberculosis. In infant mortality too the projects had a lower rate. If the rate in the three wards studied had been as low as that in the three projects, in 1943, there would have been 21 infant deaths instead of 53.

The rates for communicable diseases, including Whooping Cough, Measles, Mumps, Scarlet Fever, German Measles, and Chicken Pox, were also lower in the projects than in the Wards. For 1942 and 1943 combined, the rate for the projects was 114.2 cases per 1000 children under 15 years of age as compared with 163.5 cases in the wards.

The number of births, corrected by taking into account the number of women 15 to 40, was higher in the projects than in the Wards. For the two years combined, the birth rate in the projects was 118.5 compared with 86.2 in the Wards, per 1000 women 15 to 40.

The rate of fires in the seven housing projects in Newark was much lower than the rate in the dwellings of the city as a whole. Using the

arbitrary figure of \$100, as the average cost to the Fire Department of a response to a fire, it was found that responses to fire in the projects cost \$295 per 100 dwelling units, as compared with \$1115 per 1000 dwelling units in the city. If the number of fires per 10,000 persons had been the same in the City as in the projects, the saving at \$100 per fire call, would have been \$91,700.

A study of the school children showed that after being rehoused they were absent less, and had slightly higher grades. The juvenile delinquency rate was generally lower for the projects than for the Wards. For the Negro population, this difference was marked. There were no cases of delinquency among the girls in the projects.

From interviewing a representative sample of the families, living in the three projects studied, it was found that:

1. 69% of the mothers said that their school children showed an improvement since living in the project.
2. 99% found their children easier to keep clean.
3. 100% stated that their children had better play facilities.
4. 45% found that housekeeping took them less time.
5. 77% said that their families were now happier.
6. 69% of the families were able to save money, or buy more things for their homes.
7. 100% had had no serious home accidents.

It must not be thought that the benefits were restricted to the project residents. The community also benefited insofar as every reduction in disease and crime not only means a great financial saving, but provides the social climate for a satisfying and healthy life. To give one example, it has been estimated that the average cost to the community of a tuberculosis case is about \$5000. If the rate for tuberculosis in the Wards were reduced



to that in the three housing projects studies, there would have been 85 cases per year instead of 156. The savings to the community would amount to about \$365,000. But, more than that, there would be an immense saving in human suffering and unhappiness.

## APPENDIX

### UNITED STATES HOUSING ACT OF 1937

The U. S. Housing Act of 1937 (Public - No. 412 - 75th Congress) is entitled "An Act to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provision of decent, safe and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes".

To achieve the objectives set forth in the Title of the Housing Act, a Federal lending agency, the United States Housing Authority (now the Federal Public Housing Authority), was created. It was authorized to finance a low-rent housing program by issuing up to 800 million dollars worth of bonds guaranteed by the United States.

The funds so raised may be loaned to local housing authorities to assist them in the development of low-rent housing projects, up to 90 per cent of the cost of the project. Such loans bear interest at  $1/2$  of 1% more than the going Federal interest rate at the time the loan is made. The loans must be repaid within a period not exceeding 60 years.

A portion of the proceeds of the  $1/2$  of 1% interest profit is used to defray the operating expenses of the United States Housing Authority which receives no appropriation from Congress for this purpose.

In order to assist in achieving and maintaining the low-rent character of the housing projects, the U. S. Housing Authority is also authorized to contract to make annual contributions, or subsidy payments, to public housing agencies in amounts not exceeding 1% more than the going Federal interest rate, at the time of the contract, on the development cost of the project involved.

For the 800 million dollar program, it was anticipated that 28 million dollars per year would be needed in normal times for annual contributions. Because of wartime conditions, however, only 15 million dollars has been used for annual contributions during each of the last two years.

THE ENTIRE COST TO THE FEDERAL GOVERNMENT OF THE LOW-RENT HOUSING PROGRAM IS LESS THAN THE ANNUAL CONTRIBUTIONS BY THE AMOUNT THE INTEREST PROFIT EXCEEDS THE ADMINISTRATIVE COSTS OF THE UNITED STATES HOUSING AUTHORITY.

The objectives of the Housing Act must be achieved within the following important restrictions among others set forth in the Act:

1. No loan or annual contribution can be made by the U. S. Housing Authority in cities having less than 500,000 population, for a housing project costing more than \$4,000 per family dwelling unit, or \$1,000 per room (excluding land, demolition and non-dwelling facilities).

2. No loan or annual contribution can be made by the U. S. Housing Authority for a housing project costing more than the average construction cost of dwelling units currently produced by private enterprise in the locality, under the legal building requirements applicable to the proposed site and under labor standards not lower than those prescribed in the Housing Act.

3. All contracts pursuant to the Housing Act must contain a provision requiring payment of the wages or fees prevailing in the locality to all persons employed in the development or administration of the housing project involved.

4. Annual contributions can be made by the U. S. Housing Authority to housing projects involving the construction of new dwellings only if the project includes the elimination, by demolition, effective closing or compulsory repair, of unsafe and insanitary dwellings equal in number to the number of new dwellings in the project, except that such elimination may be deferred in any locality where the shortage of decent, safe and sanitary housing available to families of low income is so acute as to force dangerous overcrowding of such families.

5. Annual contributions can be made by the U. S. Housing Authority only when the State, County or Municipality in which the project is situated contributes in cash or tax exemption an amount equal to 20% of the Federal annual contribution.

6. Low-rent dwellings are available for occupancy only by families whose net income at the time of admission does not exceed five times the rental including dwelling utilities, except that the ratio of income to rent shall not exceed 6 to 1 in the case of families having 3 or more minor dependents.

7. "Families of low income" means families in the lowest income group who cannot afford to pay enough to cause private enterprise in their locality to build an adequate supply of decent, safe and sanitary dwellings for their use.

#### NEW JERSEY LOCAL HOUSING AUTHORITIES LAW OF 1938

The New Jersey Local Housing Authorities Law (Chapter 19, Laws of 1938) contains this declaration of necessity of legislation --

"It is hereby declared:

(a) That there exist in the State insanitary or unsafe dwelling accommodations and that persons of low income are forced to reside in such insanitary or unsafe accommodations; that within the State there is a shortage of safe or sanitary dwelling accommodations available at rents which persons of low income can afford and that such persons are forced to occupy overcrowded and congested dwelling accommodations; that the aforesaid conditions cause an increase in and spread of disease and crime and constitute a menace to the health, safety, morals and welfare of the residents of the State and impair economic values; that these conditions necessitate excessive and disproportionate expenditures of public funds for crime prevention and punishment, public health and safety, fire and accident protection, and other public services and facilities;

(b) That these areas in the State cannot be cleared, nor can the shortage of safe and sanitary dwellings for persons of low income be relieved, through the operation of private enterprise, and that the construction of housing projects for persons of low income (as herein defined) would therefore not be competitive with private enterprise;

(c) That the clearance, replanning and reconstruction of the areas in which insanitary or unsafe housing conditions exist and the providing of safe and sanitary dwelling accommodations by any public body for persons of low income are public uses and purposes for which public money may be spent and private property acquired and are governmental functions of State concern;

(d) That it is in the public interest that work on projects for such purposes be commenced as soon as possible in order to relieve unemployment;

And the necessity in the public interest for the provisions hereinafter enacted, is hereby declared as a matter of legislative determination."

Under the provisions of this Law, the governing body of any municipality may create by ordinance a public corporation known as a Housing Authority. Such Authority shall constitute a body corporate and politic, an agency of the municipality. The governing body of the municipality shall appoint five persons to be Commissioners of the Housing Authority for five-year terms, one term expiring each year. The powers of the Authority are vested in the Commissioners who serve without compensation.

The Housing Authority is empowered generally to carry out the purposes of the Local Housing Authorities Law with specific mention of the powers, among others, to investigate housing conditions; to acquire property; to exercise the power of eminent domain; to construct, lease, and operate housing projects; to employ assistants and delegate its duties and powers; to borrow money and to accept grants from the Federal Government; to issue bonds; to pledge its assets as security for its bonds.

The Housing Authority cannot operate for profit. Its obligations are not obligations of the State or any political subdivision thereof. Its properties are tax-exempt but it may make payments in lieu of taxes. Its projects are subject to all planning, zoning, sanitary, building and other local laws and regulations. Its dwellings may be leased only to persons of low income.